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NEWS RELEASE

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PSC WILL EXAMINE MEASUREMENT OF ELECTRIC DISTRIBUTION RELIABILITY

Investigation includes vegetation management practices

FRANKFORT, Ky. (Dec. 12, 2006) – The Kentucky Public Service Commission (PSC) today opened an investigation into how Kentucky's electric distribution utilities measure reliability and how they manage vegetation in their rights of way.

In an order issued today, the PSC required regulated electric distribution utilities to provide information on how they keep track of outages. The Commission also ordered the utilities to provide information on tree trimming and other measures used to prevent vegetation from contacting lines and disrupting service.

"The opening of this investigation does not imply that Kentucky's utilities are falling short in reliability," PSC Chairman Mark David Goss said. "But the information we collect in this proceeding will assist the Commission in determining whether there is a need for standards both for reliability reporting and vegetation management."

The investigation is the result of recommendations made last year in a PSC report on Kentucky's electric infrastructure. That report noted that utilities are not required to and do not report reliability data in a standard way.

Similarly, Kentucky does not set parameters for vegetation management, the report noted. Setting clearance requirements for vegetation could help prevent some outages, the report said.

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In today's order, the PSC noted that Kentucky law requires utilities to assure their customers of "reasonable continuity of service." PSC regulations require service to be restored as quickly as possible and set standards for reporting outages to the Commission.

The first step in the investigation begun today will be the collection of data from utilities. A public hearing has been scheduled for May 23, 2007.

Parties wishing to become participants in the proceeding should submit their written requests to the PSC by Jan. 11, 2007. Anyone wishing to submit public comments may do so prior to or at the public hearing.

Today's order is accompanied by a data request to all regulated electric utilities. The questions include:

- How does the utility monitor distribution system reliability?
- How are outages detected, measured and recorded?
- What parameters are recorded for each outage?
- How is reliability calculated?
- What standards does the utility use in trimming trees?
- What local codes or ordinances affect vegetation management?
- How often are easements cleared, by whom, and at what cost?

Today's order and related documents are available on the PSC Web site, psc.ky.gov. The case number is 2006-00494. The infrastructure study and related documents are also available on the PSC Web site. That case number is 2005-00090.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

-30-

A LIST OF UTILITIES COVERED BY TODAY'S ORDER FOLLOWS

UTILITIES COVERED BY THE DISTRIBUTION RELIABILITY STUDY

- Louisville Gas & Electric Co.
- Kentucky Utilities Co.
- Duke Energy Kentucky
- Kentucky Power Co. (American Electric Power)
- Big Sandy Rural Electric Cooperative Corp.
- Blue Grass Energy Cooperative Corp.
- Clark Energy Cooperative
- Cumberland Valley Electric
- Farmers Rural Electric Cooperative Corp.
- Fleming-Mason Energy Cooperative
- Grayson Rural Electric Cooperative Corp.
- Inter-County Energy Cooperative
- Jackson Energy Cooperative
- Jackson Purchase Energy Corp.
- Kenergy Corp.
- Licking Valley Rural Electric Cooperative Corp.
- Meade County Rural Electric Cooperative Corp.
- Nolin Rural Electric Cooperative Corp.
- Owen Electric Cooperative
- Salt River Electric Cooperative Corp.
- Shelby Energy Cooperative
- South Kentucky Rural Electric Cooperative Corp.
- Taylor County Rural Electric Cooperative Corp.